



JAN 29 2003

Ms. Jane Hayward  
Director  
State of Rhode Island and Providence Plantations  
Department of Human Services  
600 New London Avenue  
Cranston, RI 02920

Dear Ms. Hayward:

We are pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved your request to amend the current RItE Care demonstration (project number 11-W-00004/1) through July 31, 2005. Approval of this project is granted under the authority of section 1115 of the Social Security Act (the Act). This approval permits the State to enroll into RItE Care Health Plans Children with Special Health Care Needs (CSHCN) who: (1) are Medicaid eligible through receipt of Supplemental Security Income, the Katie Beckett Provision, or the adoption subsidy program, and (2) do not have primary health insurance coverage other than Medicaid. By including this population, the State will improve access to services and better-coordinated care for this group.

We have revised the special terms and conditions (STCs) for this demonstration to reflect additional budget neutrality limitations. Our approval of this amendment and the waivers and Federal matching provided for thereunder, are contingent upon compliance with the enclosed STCs. These STCs also set forth in detail the nature, character, and extent of anticipated Federal involvement in this project. This approval is subject to our receiving your written acceptance of these STCs within 30 calendar days from the date of this letter.

**Title XIX (11-W-00004/1) Revisions**

There are no changes necessary to implement this amendment.

There are, however, three changes necessary to update the waiver list and expenditure authorities for the RItE Care demonstration. The first was to remove the waiver of section 1902(a)(30) of the Act, which previously had been necessary to waive the upper payment limits set forth in CMS regulations at 42 CFR 447.361 and 447.362 for prepaid capitation payments. These regulatory requirements have been eliminated and thus no waiver is necessary. The State will be subject to new rate setting requirements pursuant to section 1903(m)(2)(A)(iii), that are set forth at 42 CFR 438.6(c).

The second was to remove the language regarding the definition of health maintenance organizations (HMOs), specifically sections 1903(m)(A) and (2)(A)(I) of the Act, 42 CFR 434.20 and 434.21. The Balanced Budget Act of 1997 (BBA) broadened the definition of HMO to include managed care organizations and “any public or private entity” that meets the advance directives and solvency requirements and provides services on a timely basis. The final change is a reference correction changing section 1903(m)(2)(A)(vi), 42 CFR 434.27 to 438.56.

The revised waiver list is indicated below and the STCs are enclosed.

### List of Sections Waived

Under the authority of section 1115(a)(1) of the Act, the following waivers of state plan requirements contained in section 1902 of the Act are granted in order to enable Rhode Island to carry out the RItE Care demonstration:

1. Amount, Duration, and Scope of Services Section 1902(a)(10)(B)

To enable the State to modify the Medicaid benefit package and to permit coverage of benefits for the demonstration population which are not covered for the non-demonstration population.

2. Financial Responsibility Section 1902(a)(17)(D)

To enable the State to consider the income of family members other than parents and spouses in determining eligibility.

3. Freedom of Choice Section 1902(a)(23)

To enable the State to restrict freedom of choice of provider.

4. Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) Section 1902(a)(10)

To enable the State to only provide FQHC and RHC services through managed-care providers.

1. Expenditures for expanded Medicaid eligibility to: (1) parents with incomes between 110 and 185 percent of the Federal Poverty Level (FPL); (2) children ages 1 to 6 with family incomes between 133 and 250 percent of the FPL; (3) infants ages 0 to 1 with family incomes between 185 and 250 percent of the FPL (4) children ages 6 to 18 with family incomes between 110 and 250 percent of the FPL (5) pregnant women with incomes between 185 and 250 percent of the FPL. This expanded population will be served either thru Rite Care or Rite Share (the state's employer sponsored health insurance buy-in program). This expanded population may be subject to cost sharing and waiting periods that are detailed in the state's cost sharing and waiting period plan.
2. Expenditures for services provided in one Institution for Mental Disease (IMD) in the State to individuals age 21 to 64 who are enrolled in the demonstration.
3. Expenditures for 24 months of extended family planning services after an individual is terminated from enrollment in the demonstration within 60 days postpartum.
4. Expenditures for window replacement for homes inhabited by eligible children who are lead poisoned.
5. Expenditures under contracts that do not meet the requirements in section 1903(m) of the Act specified below. Specifically, Rhode Island's managed-care plans will be required to meet all requirements of section 1903(m) of the Act except the following:
  - Section 1903(m)(2)(A)(vi) and 42 CFR 438.56, to the extent that the rules in section 1932(a)(4) of the Act incorporated therein are inconsistent with the enrollment and disenrollment rules under the demonstration.
  - Section 1903(f) and 42 CFR 435.301 and 435.811, insofar as they restrict payment to a state for eligibles whose income is no more than 133 1/3 percent of the Temporary Assistance to Needy Families eligibility level.

Title XXI (21-W-00002/1-01)

As a result of this amendment, your waivers and STCs for your title XXI 1115 demonstration (21-W-00002/1-01) approved on January 18, 2001, will be modified effective September 1, 2001. The revised title XXI waivers and the terms and conditions will remain in effect for the period beginning September 1, 2001, through January 17, 2006. The revised waiver list is indicated below and the STCs for 21-W-00002/1-01 is included as Attachment 2.

Costs Not Otherwise Matchable Authority

Under the authority of section 1115(a)(2) of the Act, the following expenditures that would not otherwise be regarded as expenditures under title XXI will be regarded as expenditures under the State's title XXI plan:

1. Expenditures to provide coverage that meets the requirements of section 2103 of the Act and is equal to the standard Medicaid coverage package, to individuals who: 1) are uninsured custodial parents or relative caretakers of children who are eligible under the title XIX State plan or the title XXI State plan; 2) have net family incomes between 100 and 185 percent of the Federal Poverty Level (FPL); and 3) are Medicaid eligible, but only *through the section 1115 Medicaid demonstration project No. 11-W-00004/1 entitled "Rite Care"* (Demonstration Population 1).
2. Expenditures to provide coverage that meets the requirements of section 2103 of the Act and is equal to the standard Medicaid coverage package, to individuals who: 1) are uninsured pregnant women with net family incomes between 185 and 250 percent of the FPL; and 2) are eligible for coverage under the section 1115 Medicaid demonstration project No. 11-W-00004/1 entitled "Rite Care" (Demonstration Population 2.)

SCHIP Requirements Not Applicable to the Demonstration Populations:

1. General Requirements, Eligibility and Outreach      Section 2102

The State child health plan does not have to reflect the demonstration populations, and eligibility standards do not have to be limited by the general principles in section 2102(b) of the Act. To the extent other requirements in section 2102 duplicate Medicaid or other State Children Health Insurance Program SCHIP requirements for this or other populations, they do not apply, except that the State must perform eligibility screening to ensure that the demonstration population does not include individuals otherwise eligible for Medicaid.

2. Restrictions on Coverage and Eligibility to Targeted Low Income Children      Sections 2103, 2110

Coverage and eligibility for these demonstration populations are not restricted to targeted low-income children.

Federal matching payment is available in excess of the 10 percent cap for expenditures related to the demonstration populations and limits on family coverage are not applicable. Federal matching payments remain limited by the allotment determined under section 2104 of the Act. Expenditures other than for coverage of the demonstration populations remain limited in accordance with section 2105(c)(2) of the Act.

## Section 2108

Annual reporting requirements do not apply to the demonstration populations.

Your project officer for the title XIX demonstration is Ms. Dianne Heffron, and she is available to answer questions concerning this amendment. Ms. Heffron's contact information is as follows:

Centers for Medicare & Medicaid Services  
Center for Medicaid and State Operations  
7500 Security Boulevard, Mailstop S2-01-16  
Baltimore, MD 21244-1850

Telephone: (410) 786-3247  
Facsimile: (410) 786-5943  
E-mail: [DHeffron@cms.hhs.gov](mailto:DHeffron@cms.hhs.gov)

Official communications regarding program matters should be sent simultaneously to the CMS regional partner, Mr. Richard Pecorella, who can be reached at (617) 565-1244, by e-mail at [RPecorella@cms.hhs.gov](mailto:RPecorella@cms.hhs.gov), or at the following address in the Boston regional office:

Centers for Medicare & Medicaid Services  
Division of Medicaid and State Operations  
Boston Regional Office  
JFK Federal Building, Room 2325  
Boston, MA 02203

Page 6 – Ms. Jane Hayward

If you have questions regarding this correspondence, please contact Mr. Richard Chambers, Director, Family and Children's Health Program Group, Center for Medicaid and State Operations, at (410) 786-5647.

We look forward to continuing to work with you and your staff.

Sincerely,

/s/

Thomas A. Scully

Enclosures

cc: Boston Regional Office